



# CHP Policy in Iowa

## How the Iowa Energy Center Supports CHP Deployment

### Policy Support

The state energy office in Iowa, the Iowa Energy Center (IEC), leads several different initiatives to promote combined heat and power (CHP). First, the office published the *Combined Heat and Power Resource Guide*, which provides a compilation of project planning and development information. Second, the IEC explicitly included CHP in the Iowa Energy Plan. Third, the office supports two financial assistance opportunities for which CHP is eligible. These three different approaches to expanding CHP deployment in Iowa are described in more detail in the sections below.

The Iowa legislature created the IEC in 1990 to advance the state's energy efficiency and renewable energy use through transformative research, education, and demonstration. Annual funding for the IEC is obtained from an assessment on the intrastate revenues of Iowa's gas and electric utilities. In October 2017, the IEC was placed under control of the Iowa Economic Development Authority (IEDA), a state agency that administers several state and federal programs aimed at assisting individuals, communities, and businesses.



**The Iowa Energy Center,  
Iowa Economic Development Authority**

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### CHP Resource Guide

The state energy office's *Combined Heat and Power Resource Guide*, published in 2015, was developed with support from the Midwest CHP Technical Assistance Partnership (Midwest CHP TAP) and provides anyone interested in developing a CHP project with guidance to move forward.<sup>1</sup> The guide includes CHP project planning and development best practices; information about utility, state, and federal CHP incentives; detailed explanations of state permitting processes; and specific contact information for utility assistance, technical assistance, environmental permitting agencies, consultants, equipment vendors, and other parties involved in project development. The guide also provides case studies of successful CHP projects in Iowa and can serve as a useful template for other states interested in developing a similar guidance document.

### Iowa Energy Plan

The IEC was a collaborator in the development of the Iowa Energy Plan, which committed the state to the development of an affordable, reliable, and sustainable energy system that maximizes economic benefits.<sup>2</sup> Programs and initiatives of the IEC align with the Iowa Energy Plan's four pillars and seven focus areas, listed in the table below.

<sup>1</sup> *Combined Heat and Power Resource Guide*: <https://www.iowaeconomicdevelopment.com/UserDocs/news/ComboHeatAndPowerGuide2015.pdf>

<sup>2</sup> Iowa Energy Plan: <http://www.iowaenergyplan.org/>

Energy Pillar	Focus Area
<ul style="list-style-type: none"> <li>○ Economic Development and Energy Careers</li> </ul>	<ul style="list-style-type: none"> <li>○ Technology-Based Research and Development</li> <li>○ Workforce Development</li> </ul>
<ul style="list-style-type: none"> <li>○ Energy Efficiency and Conservation</li> </ul>	<ul style="list-style-type: none"> <li>○ Supporting Rural and Underserved Areas and Populations</li> </ul>
<ul style="list-style-type: none"> <li>○ Energy Resources</li> </ul>	<ul style="list-style-type: none"> <li>○ Biomass Potential</li> </ul>
<ul style="list-style-type: none"> <li>○ Transportation and Infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>○ Natural Gas Expansion in Underserved Areas</li> <li>○ Electric Grid Modernization</li> <li>○ Alternative Fuel Vehicles</li> </ul>

CHP is an important aspect of the second pillar, “Energy Efficiency and Conservation,” which includes an objective to “increase the energy efficiency and decrease the operating costs of Iowa’s existing and new buildings in all sectors.” The energy plan presents the results of a state-level CHP opportunity analysis and acknowledges that “[one] key issue affecting the value proposition of CHP systems is the cost of maintaining ongoing connections with the power grid and the way in which utilities treat systems financially as parts of an integrated energy system.”

The energy plan recommends that the state establish a collaborative platform to explore CHP opportunities and barriers in Iowa, and suggests including a variety of stakeholders, including the Iowa utilities, the Iowa Economic Development Authority, and the Midwest CHP TAP. The plan also suggests several topic areas the collaborative should explore, such as the resilience value of CHP and current challenges with grid interconnection. The intended outcome of the collaborative platform is to identify best practices and program models that would allow for expanded CHP deployment in Iowa.

***Energy is an important resource and key economic advantage for Iowa, and the Energy Center program offerings will provide new opportunities for collaboration and spark innovation.***

*– Debi Durham, Director of IEDA and the Iowa Finance Authority*

## Financial Assistance for Eligible CHP Systems

**Alternate Energy Revolving Loan Program:** This program, which is administered by the IEC, provides zero-interest loans for developing alternate energy production projects, including but not limited to CHP, solar, wind, and biomass. Iowa residents, registered businesses, water and wastewater utilities, rural water districts, and sanitary districts are eligible for loans of up to 50% of the total project cost (up to \$1 million).

**Iowa Energy Center Grant Program:** The IEC also advances the objectives of the Iowa Energy Plan through administration of an annual \$4 million grant program and through extensive research related to innovations in bioenergy, such as the use of Miscanthus, a biofuel crop that can be burned in place of coal.<sup>3</sup> Notably, Miscanthus will be used to partially replace coal and oat hulls to fuel CHP systems at the University of Iowa, helping the university achieve its goal of being coal-free by 2025.

## For More Information

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More CHP Policy Profiles:  
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<sup>3</sup> Iowa Biomass Conversion Action Plan: [https://www.iowaeconomicdevelopment.com/UserDocs/BiomassPlan\\_ExecSummary\\_082018.pdf](https://www.iowaeconomicdevelopment.com/UserDocs/BiomassPlan_ExecSummary_082018.pdf)